

Mid-Week Markets Recap: March 18, 2026

Key Takeaways

- This month's PPI report signals that prices paid to producers continue to rise
 - The Fed leaves rates unchanged in its most recent FOMC meeting
 - Markets reacted positively to reports indicating potential Meta layoffs
 - New leadership has prompted a turnaround for Macy's
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PPI Posts Largest YoY Gain since February 2025

“This month's PPI sees prices rise across the board”

Prior to the Federal Reserve's FOMC meeting, and Wednesday's trading session, the BLS released its Producer Price Index Report.

This month's report, which covers data from February, had shown rising prices for producers across the board. For February the PPI for final demand, on a seasonally adjusted basis, had risen .7% from January. On an unadjusted basis, the index rose 3.4% since February 2025, its largest twelve-month advance. This rise in prices was primarily driven by an increase in prices for final demand of services, which contributed to a .5 percent increase in its overall index. A jump in prices for traveler accommodation services, food and alcohol wholesaling, securities brokerage, and investment advice were some of the services that contributed to this.

Alongside the elevation of prices for final demand of services, prices had also risen for the final demand of goods. 20% of the rise in the overall index for February was driven by this, an impact primarily attributable to a 48.9% increase in prices for fresh and dry vegetables. Prices for diesel fuel, chicken eggs, and gasoline had also risen on the month.

Within this report, the BLS also provided data regarding price action for intermediate demand, demand for inputs used in production. For February, the index for processed goods had risen 1.6%, while for unprocessed goods it was 3.1%. The rise in the index for processed goods, which was primarily driven by a jump in prices for processed energy goods and processed materials, had seen its largest increase since moving up 2% in August 2023. The index for unprocessed goods had also seen its largest advance since January 2025 in which the index rose 5.5%. For this month's measure, the advance was primarily driven by a rise in prices for unprocessed energy materials, and unprocessed foodstuffs and feedstuffs. The recurring theme throughout this month's release has been that the prices paid to producers have continued to advance.

Following the report, stock futures edged lower while the 10-Year Treasury and the dollar pushed higher. The PPI is typically seen as an advance indicator of inflation, as when the prices paid to suppliers rise, the prices consumers have to pay also increase. Prior to this report, markets had been coming to terms with the Iranian

conflict, and its implications on inflationary pressures. This month's data amplified this notion, and further cemented expectations surrounding monetary policy down the line. Expectations for rates to remain elevated are what furthered the dollar and yields, which also in turn led to a contraction in equities and non-yielding assets such as Gold and Silver. Moving forward, emphasis needs to remain on any developments within the Iranian conflict and how consumer prices react. The trend, for now, continues to remain around heightened inflationary expectations and this has prompted the prolonged risk-off environment we're currently in, one in which investors continue to rotate out of equities and emerging markets.

Federal Reserve holds Rates Steady

“The Fed remains constrained between inflation risks and slowing growth, with rising energy prices further complicating the path for policy easing”

Wednesday afternoon, the Federal Reserve concluded its FOMC meeting, holding rates steady after lowering them three times last year.

Markets had already priced in this move by the Fed, however this recent meeting shed some light on monetary policy down the road. Prior to this meeting, and even the Iranian conflict, the Fed was already in a difficult spot having been forced to deal with elevated inflation and a weakening labor market. The implications from the Iranian conflict have added on to this, further amplifying inflationary concerns. For now, rates have been held, but moving forward the Fed still sees room for a single cut.

Through this meeting we had also seen the central bank's economic outlook for the following years ahead. Policymakers currently expect unemployment to remain steady throughout the year, followed by a decline in 2027. Alongside this they expect the overall economy to grow 2.4% for the year, followed by 2.3% in 2027.

Following this meeting, markets had sold off across the board. Alongside this sell-off, however, we had seen the dollar appreciate, given the current monetary backdrop. The S&P was down around 1.4% on the day, while the Nasdaq was at 1.5%. Through the appreciation of the dollar we had also seen yields rise, with the ten-year treasury closing at 4.26%, up from its Tuesday close of 4.20%. Metals, such as gold and silver, which are non-yielding assets, had fallen on the day as well in reaction to these developments. Moving forward, attention needs to remain on the current Iranian conflict, and specifically on any of its developments that impact oil prices. While any signs of closure or a truce may be beneficial, it would still take anywhere from weeks to months for many Middle Eastern oil producers to return to their previous operating statuses. While current projections lean toward modest easing, any sustained inflation shock, particularly from Iran, could shift policy back toward tightening.

Reports Indicate that Meta Plans to Announce a New Wave of Layoffs

“Reports that Meta plans to announce layoffs were met positively by investors”

Earlier this week reports indicated that Meta was planning to cut about 20% of its workforce in the coming months.

Layoffs were a persistent trend throughout 2025, with companies such as UPS, Amazon, Microsoft, and Meta all partaking in this activity. 2025 had actually seen the largest level of job cuts within the U.S. since 2020. However, the significance of Meta's plans this year lies in the strategic rationale behind them.

For 2026, Meta had announced plans to spend upwards of \$135 billion on AI-related spending, double what it had spent in 2025. Layoffs being announced after this projected record amount of spending has signaled two notions to markets. One is that the elevated spending undertaken by large technology firms needs to be offset in some way, and Meta has emerged as one of the first to outline a strategy to do so. The other, and more important notion, is that these layoffs display the return that heavy artificial intelligence investment brings. Through artificial intelligence Meta has been able to increase its capacity, as well as its productivity, which has allowed for cost reductions in its labor department. While not publicized, it's evident that Meta appears to be leveraging its AI ecosystem to structurally reduce its reliance on human labor. Following these reports, Meta's stock had surged in its premarket session, signaling that markets have started pricing in this idea and reassessing the company's long-term profile. This reaction also signals a potential shift in sentiment towards hyperscalers, who had faced scrutiny earlier this year due to concerns surrounding elevated levels of spending.

Macy's sees Positive Signs under New Leadership

“Macy's latest earnings report experienced positive market reaction”

Wednesday morning, Macy's announced its 2025 fourth quarter fiscal results, which were met positively by investors. Following the earnings call, Macy's shares were up around 7% in its premarket session.

Macy's, which includes department store Bloomingdales, and beauty retailer Bluemercury, saw a strong fourth quarter that beat analysts' expectations for both sales and overall profit. For the quarter, Macy's saw revenue of \$7.64 billion and adjusted EPS of \$1.67 per share. Analysts were expecting revenue of \$7.62 billion alongside adjusted EPS of \$1.53 per share. However, despite strong earnings Macy's still provided a cautious outlook for the coming year. It expects sales between \$21.4 billion and \$21.65 billion alongside adjusted EPS between \$1.90 to \$2.10 per share. Analysts' expectations were centered around sales of \$21.42 billion alongside adjusted EPS of \$2.17 per share.

This past quarter's report has certainly brought one point across, and it's that Macy's new CEO, Tony Spring, has had a positive impact on the retailer. Under Spring, Macy's has undergone a structural shift in its operations. Unprofitable stores have been closed, while those who performed well received further investment and modernization. Emphasis had also been placed on its Bloomingdales and Bluemercury offerings, segments that cater to a different niche of customers. These efforts have delivered results, with comparable sales increasing by 1.8% for the quarter and 1.5% for the full year.

Alongside this report, we have also observed the impact of an uncertain geopolitical and macroeconomic environment that retailers like Macy's must navigate. What prompted the mixed guidance Macy's provided boiled down to uncertainty surrounding tariffs and inflationary pressures that have recently come through the Iranian conflict. Whether these costs are passed on to consumers, and how they impact spending, has become a central concern for Macy's leadership. However, the positive market reaction indicates that investors are

beginning to look through near-term macro headwinds, and instead focus on the company's long-term growth profile, and structural improvements.